

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4996-02  
Bill No.: HCS for SB 940  
Subject: Bingo  
Type: Original  
Date: May 3, 2010

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Bill Summary: This proposal modifies various provisions relating to bingo.

**FISCAL SUMMARY**

| <b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>       |                |                |                |
|---|----------------|----------------|----------------|
| <b>FUND AFFECTED</b>                                      | <b>FY 2011</b> | <b>FY 2012</b> | <b>FY 2013</b> |
|   |                |                |                |
|   |                |                |                |
| <b>Total Estimated Net Effect on General Revenue Fund</b> | <b>\$0</b>     | <b>\$0</b>     | <b>\$0</b>     |

| <b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>        |                           |                           |                           |
|---|---------------------------|---------------------------|---------------------------|
| <b>FUND AFFECTED</b>                                    | <b>FY 2011</b>            | <b>FY 2012</b>            | <b>FY 2013</b>            |
| Gaming Commission*                                      | \$5,500 to Unknown        | \$5,500 to Unknown        | \$5,500 to Unknown        |
| Bingo Proceeds for Education*                           | \$0 to Unknown            | \$0 to Unknown            | \$0 to Unknown            |
| <b>Total Estimated Net Effect on Other State Funds*</b> | <b>\$5,500 to Unknown</b> | <b>\$5,500 to Unknown</b> | <b>\$5,500 to Unknown</b> |

\* Oversight assumes the Unknown revenue to be less than \$100,000 annually.

Numbers within parentheses: ( ) indicate costs or losses.

This fiscal note contains 7 pages.

| <b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>                  |            |            |            |
|---|------------|------------|------------|
| FUND AFFECTED   | FY 2011    | FY 2012    | FY 2013    |
|   |            |            |            |
|   |            |            |            |
| <b>Total Estimated Net Effect on <u>All</u> Federal Funds</b> | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

| <b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b> |          |          |          |
|---|----------|----------|----------|
| FUND AFFECTED   | FY 2011  | FY 2012  | FY 2013  |
|   |          |          |          |
|   |          |          |          |
| <b>Total Estimated Net Effect on FTE</b>                  | <b>0</b> | <b>0</b> | <b>0</b> |

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

| <b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b> |            |            |            |
|--|------------|------------|------------|
| FUND AFFECTED                              | FY 2011    | FY 2012    | FY 2013    |
| <b>Local Government</b>                    | <b>\$0</b> | <b>\$0</b> | <b>\$0</b> |

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## FISCAL ANALYSIS

### ASSUMPTION

In response to a similar proposal from this year (HB 1294), officials from the **Office of the State Treasurer** assumed the proposal would not have a fiscal impact to their agency.

Officials from the **Department of Elementary and Secondary Education (DESE)** state Section 313.057, subsection 6 appears to increase the limit on the one-time application fee for a manufacturer's license from one to five thousand dollars. The limit on the annual renewal fee for each manufacturer license appears to increase from five hundred to one thousand dollars. Subsection 9 appears to divert license fees collected pursuant to section 313.057 from the gaming commission bingo fund to the gaming commission fund. While DESE cannot predict the impact these limit adjustments might have on license fees collections, it does appear that the bingo fund will see a decrease in revenues.

Officials from the **Office of Administration - Budget and Planning (BAP)** assume this would increase total state revenue. Increased licensing fees for various bingo licenses could result in increased revenue to the Gaming Commission Fund. Budget and Planning defers to the Missouri Gaming Commission for a more detailed estimate of potential increased revenue.

Officials from the **Missouri Gaming Commission (MGC)** assume the Gaming Commission Fund could see a small increase in funds due to the increase in manufacturer license fee and the potential of additional abbreviated pull-tab license being issued.

There are currently eleven bingo manufacturers and additional \$500 per year from each would result in \$5,500 additional fees.

Assuming the number of abbreviated pull-tab license issued would double due to the increase in the number of occasions they are allowed to hold, we could see an increase in the license fees of approximately \$1,060. We issued 106 abbreviated pull-tab licenses in FY09, the license fee is \$10 for each occasion, an increase of 106 additional licenses would result in additional license fees in the amount of \$1,060.

Bingo paper is taxed at 2/10ths of one cent per bingo face and pull-tabs are taxed at 2% of the retail sales value of the tab. Therefore, any increase of the sales of these products would increase the tax collected and deposited to the Proceeds for Education Fund.

ASSUMPTION (continued)

**Oversight** assumes there could be an increase in revenue flowing to the Gaming Commission fund as a result of several changes within the proposal including;

- Section 313.015 increases the annual fee for certain licensees (if their aggregate retail value of prizes is \$5,000 or less and less than \$100 per day) from \$10 to \$50;
- Section 313.010 increases the number of times abbreviated licenses may be issued to organizations from four times per year to fifteen;
- Section 313.057 allows the Gaming Commission to collect additional fees from supplier applicants as well as manufacturer applicants to cover the actual expenses incurred for background investigations. Currently, there are eleven manufacturers;
- Various other changes in the bill may increase the playing of bingo in Missouri, which would in turn increase the taxes collected for sale of bingo cards.

**Oversight** assumes the total of additional revenue to the Gaming Commission Fund as a result of this proposal would not exceed \$100,000 annually.

**Oversight** also assumes there may be an increase in the Bingo Proceeds for Education fund as a result of some of the changes within the proposal, including;

- Increases in the number of times organizations may conduct abbreviated bingo games each year from four to fifteen (may increase the number of times bingo is played by organization members);
- Section 313.040 allows the Gaming Commission to establish the daily prize amounts for progressive bingo games (currently prize limits set by statute);
- Section 313.040 also increases the number of times licenses may conduct bingo games from one day per week to two days per week;
- Section 313.040 also contracts the hours for which bingo shall not be played. Currently no licensee shall conduct bingo from midnight to 10:00 a.m. The bill changes this window to 1:00 a.m. to 7:00 a.m.; and
- Section 313.040 also allows organizations to increase their advertising for bingo games.

**Oversight** assumes these changes could result in an increase in the playing of bingo and therefore an increase in proceeds to the Bingo Proceeds for Education Fund. Oversight assumes the potential increase in proceeds to the Gaming Commission Fund (286) and the Bingo Proceeds for Education Fund (289) would be under \$100,000 annually. For simplicity, Oversight will

ASSUMPTION (continued)

reflect the increase in bingo proceeds at the state level instead of distributed to local schools.

**This proposal will impact Total State Revenues.**

| <u>FISCAL IMPACT - State Government</u>   | FY 2011<br>(10 Mo.)              | FY 2012                          | FY 2013                          |
|---|----------------------------------|----------------------------------|----------------------------------|
| <b>GAMING COMMISSION</b>  |                                  |                                  |                                  |
| <u>Income</u> - Increase in manufacturer license annual renewal from \$500 to \$1,000 (Section 313.057.6 - currently 11 such)   | \$5,500                          | \$5,500                          | \$5,500                          |
| <u>Income</u> - increase annual fee for some abbreviated license bingo organizations from \$10 to \$50, potential for suppliers and manufacturers to pay more for licensure (for GAM to recoup expenses for background checks) and potential increase in abbreviated pull-tab licenses and tax from various changes | <u>\$0 to Unknown</u>            | <u>\$0 to Unknown</u>            | <u>\$0 to Unknown</u>            |
| <b>ESTIMATED NET EFFECT TO THE GAMING COMMISSION FUND*</b>  | <b><u>\$5,500 to UNKNOWN</u></b> | <b><u>\$5,500 to UNKNOWN</u></b> | <b><u>\$5,500 to UNKNOWN</u></b> |

**\*Oversight assumes this increase in revenue to be less than \$100,000.**

|  |                     |         |         |
|--|---------------------|---------|---------|
| <u>FISCAL IMPACT - State Government</u><br>(continued) | FY 2011<br>(10 Mo.) | FY 2012 | FY 2013 |
|--|---------------------|---------|---------|

**BINGO PROCEEDS FOR  
EDUCATION**

|   |                       |                       |                       |
|---|-----------------------|-----------------------|-----------------------|
| <u>Income</u> - potential additional bingo<br>proceeds resulting from various changes<br>within the proposal* | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
|---|-----------------------|-----------------------|-----------------------|

**ESTIMATED NET EFFECT TO THE  
BINGO PROCEEDS FOR  
EDUCATION FUND\***

|                       |                       |                       |
|-----------------------|-----------------------|-----------------------|
| <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> | <u>\$0 to Unknown</u> |
|-----------------------|-----------------------|-----------------------|

**\*Oversight assumes this increase in revenue to be less than \$100,000.**

|   |                     |            |            |
|---|---------------------|------------|------------|
| <u>FISCAL IMPACT - Local Government</u> | FY 2011<br>(10 Mo.) | FY 2012    | FY 2013    |
|   | <u>\$0</u>          | <u>\$0</u> | <u>\$0</u> |

FISCAL IMPACT - Small Business

Small business bingo manufacturers and suppliers could pay more in background checks and/or annual fees as a result of this proposal.

FISCAL DESCRIPTION

This act changes the restrictions on different types of bingo license holders, including when they can hold bingo games and various restrictions on advertising. In addition, this act changes reporting requirements and records retention schedules for licensees.

An abbreviated bingo license holder is allowed to conduct up to 15 bingo games annually, rather than four. The act requires all licensed organizations to pay annual license fee of \$50. Current law had allowed certain organizations to pay an annual license fee of \$10.

FISCAL DESCRIPTION (continued)

The Gaming Commission is authorized to set the aggregate retail value of all prizes and merchandise awarded in a single day, except awards by pull-tab cards and progressive bingo games. A bingo licensee cannot require a player to purchase more than a standard pack of bingo cards in order to participate in a game. The act authorizes a licensee to conduct bingo games two days per week, rather than one day per week.

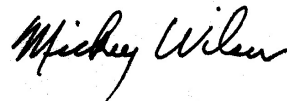
The act increases the amount that may be expended on advertising from 2% to 10% of the total amount expended from bingo receipts. The act removes a provision of law that prohibited a licensee from referencing the aggregate value of bingo prizes in an advertisement. Currently, no bingo games can be operated between midnight and 10:00 a.m. This act provides that no bingo game can be operated between 1:00 a.m. and 7:00 a.m.

Applicants for suppliers' licenses and manufacturers' licenses are required to pay for the cost of a criminal history investigation. This act would also increase the maximum amount the commission can charge for a manufacturer's license from \$1,000 to \$5,000 and would increase the possible charge for an annual renewal fee from \$500 to \$1,000.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Missouri Gaming Commission  
Office of the State Treasurer  
Office of Administration - Budget and Planning  
Department of Elementary and Secondary Education



Mickey Wilson, CPA  
Director  
May 3, 2010